

UNIFIED SCHOOL DISTRICT NO. 502
Lewis, Kansas 67552

FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Larned, Kansas 67550

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS

Financial Statements
For the Year Ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 502
Lewis, Kansas 67552

We have audited the accompanying financial statements of Unified School District No. 502, Lewis, Kansas, as of and for the year ended June 30, 2010, which collectively comprise the basic financial statements of the District as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative financial information has been derived from the District's June 30, 2009 financial statements and, in our report dated January 14, 2010, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 1, Unified School District No. 502, Lewis, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 502, Lewis, Kansas as of June 30, 2010, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 502, Lewis, Kansas, as of June 30, 2010 and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

The schedules presented as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The additional schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants

September 10, 2010

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Governmental Type Funds:		
General Funds:		
General Fund	\$ (79,214.18)	\$ 0.00
Supplemental General Fund	272,115.59	0.00
Special Revenue Funds:		
At-Risk (4 Yr Old) Fund	0.00	0.00
At-Risk Fund	245,951.36	0.00
Bilingual Education Fund	0.00	0.00
Capital Outlay Fund	695,034.27	0.00
Food Service Fund	30,378.00	0.00
Professional Development Fund	20,000.00	0.00
Special Education Fund	300,000.00	0.00
Vocational Education Fund	0.00	0.00
KPERs Special Retirement Fund	0.00	0.00
Contingency Reserve Fund	121,616.00	0.00
Title I Fund	0.00	0.00
Title I Migrant Education Fund	0.00	0.00
Title I ARRA Fund	0.00	0.00
Title II Fund	0.00	0.00
Title II D Fund	0.00	0.00
Title II D ARRA Fund	0.00	0.00
REAP Grant Fund	0.00	0.00
Title IV Fund	0.00	0.00
District Activity Funds	3,628.61	0.00
Total Reporting Entity (Excluding Agency Funds-Memorandum Only)	\$ 1,609,509.65	\$ 0.00

The notes to the financial statements are an integral part of this statement.

Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Encumbrances and Accounts Payable	Ending Cash Balance
\$ 1,149,527.19	\$ 1,128,343.35	\$ (58,030.34)	\$ 0.00	\$ (58,030.34)
84,689.42	100,281.28	256,523.73	0.00	256,523.73
21,514.50	21,514.50	0.00	0.00	0.00
183,458.06	179,409.42	250,000.00	0.00	250,000.00
3,210.00	3,210.00	0.00	0.00	0.00
2,896.57	24,713.33	673,217.51	0.00	673,217.51
79,024.85	84,276.29	25,126.56	0.00	25,126.56
2,163.84	2,163.84	20,000.00	0.00	20,000.00
104,777.65	154,777.65	250,000.00	0.00	250,000.00
2,808.00	2,808.00	0.00	0.00	0.00
25,989.27	25,989.27	0.00	0.00	0.00
0.00	0.00	121,616.00	0.00	121,616.00
30,890.00	30,890.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
17,606.00	17,606.00	0.00	0.00	0.00
8,600.00	8,600.00	0.00	0.00	0.00
260.00	260.00	0.00	0.00	0.00
640.00	640.00	0.00	0.00	0.00
14,552.00	14,552.00	0.00	0.00	0.00
504.00	504.00	0.00	0.00	0.00
1,971.25	4,659.34	940.52	0.00	940.52
<u>\$ 1,735,082.60</u>	<u>\$ 1,805,198.27</u>	<u>\$ 1,539,393.98</u>	<u>\$ 0.00</u>	<u>\$ 1,539,393.98</u>

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2010

Balance to be accounted for:	<u>\$ 1,539,393.98</u>
Composition of Cash:	
Board Accounts:	
Checking Account - HSB Bank, Lewis, Kansas	\$ 49,339.18
Less Outstanding Checks	(108,396.17)
Interest Bearing Checking Account - HSB Bank, Lewis, Kansas	1,597,510.45
Activity Fund Accounts:	
Checking Account - HSB Bank, Lewis, Kansas (Reconciled)	127.55
Interest Bearing Checking Account - HSB Bank, Lewis, Kansas (Reconciled)	<u>812.97</u>
Total Reporting Entity	<u>\$ 1,539,393.98</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS

Summary of Expenditures - Actual and Budget

(Budgeted Funds Only)

For the Year Ended June 30, 2010

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>
Governmental Type Funds:		
General Funds:		
General Fund	\$ 1,239,248.00	\$ (113,481.00)
Supplemental General Fund	355,000.00	0.00
Special Revenue Funds:		
At-Risk (4 Yr Old) Fund	36,000.00	XXXXXXXXXX
At-Risk Fund	295,951.00	XXXXXXXXXX
Bilingual Education Fund	10,000.00	XXXXXXXXXX
Capital Outlay Fund	695,000.00	XXXXXXXXXX
Food Service Fund	150,000.00	XXXXXXXXXX
Professional Development Fund	21,701.00	XXXXXXXXXX
Special Education Fund	514,000.00	XXXXXXXXXX
Vocational Education Fund	10,000.00	XXXXXXXXXX
KPERs Special Retirement Fund	65,202.00	XXXXXXXXXX

The notes to the financial statements are an integral part of this statement.

Statement 2

Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
\$ 2,576.35	\$ 1,128,343.35	\$ 1,128,343.35	\$ 0.00
0.00	355,000.00	100,281.28	(254,718.72)
0.00	36,000.00	21,514.50	(14,485.50)
0.00	295,951.00	179,409.42	(116,541.58)
0.00	10,000.00	3,210.00	(6,790.00)
0.00	695,000.00	24,713.33	(670,286.67)
0.00	150,000.00	84,276.29	(65,723.71)
0.00	21,701.00	2,163.84	(19,537.16)
0.00	514,000.00	154,777.65	(359,222.35)
0.00	10,000.00	2,808.00	(7,192.00)
0.00	65,202.00	25,989.27	(39,212.73)

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 324,471.89	\$ 325,382.89	\$ 318,624.00	\$ 6,758.89
Delinquent Tax	216.80	264.26	3,263.00	(2,998.74)
Mineral Tax	11,203.17	2,897.69	12,000.00	(9,102.31)
Local Sources:				
Reimbursed Expenses	8,025.19	2,576.35	0.00	2,576.35
State Aid:				
Equalization Aid	772,740.00	625,255.00	716,084.00	(90,829.00)
Machinery & Equipment	1,878.06	0.00	0.00	0.00
Special Education Aid	87,995.00	138,858.00	134,984.00	3,874.00
Federal Aid:				
ARRA	0.00	54,293.00	54,293.00	0.00
Total Cash Receipts	<u>1,206,530.11</u>	<u>1,149,527.19</u>	<u>\$ 1,239,248.00</u>	<u>\$ (89,720.81)</u>
Expenditures				
Instruction	410,836.65	476,851.45	564,850.00	(87,998.55)
Student Support Services	23,726.77	24,379.98	34,300.00	(9,920.02)
Health Services	5,035.52	5,572.71	0.00	5,572.71
Instructional Support Staff	14.21	1,458.39	3,500.00	(2,041.61)
General Administration	103,212.10	98,178.37	126,700.00	(28,521.63)
School Administration	38,023.40	37,964.85	40,350.00	(2,385.15)
Operations & Maintenance	160,719.74	159,662.74	234,514.00	(74,851.26)
Transportation Supervision	9,377.19	9,376.58	9,450.00	(73.42)
Vehicle Operating Service	34,513.76	35,133.30	58,350.00	(23,216.70)
Vehicle & Maintenance Service	10,763.39	6,200.27	16,500.00	(10,299.73)
Other Supplemental Services	16,030.12	16,193.70	15,750.00	443.70
Contracted Services	1,901.13	0.00	0.00	0.00
Operating Transfers	410,031.21	257,371.01	134,984.00	122,387.01
Adjustment to Comply with Legal Max			(113,481.00)	113,481.00
Legal General Fund Budget	1,224,185.19	1,128,343.35	1,125,767.00	2,576.35
Adjustment for Qualifying Budget Credits			2,576.35	(2,576.35)
Total Expenditures	<u>1,224,185.19</u>	<u>1,128,343.35</u>	<u>\$ 1,128,343.35</u>	<u>\$ 0.00</u>
Receipts Over (Under) Expenditures	(17,655.08)	21,183.84		
Unencumbered Cash, Beginning	<u>(61,559.10)</u>	<u>(79,214.18)</u>		
Unencumbered Cash, Ending	<u>\$ (79,214.18)</u>	<u>\$ (58,030.34)</u>	- See Note 3	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
SUPPLEMENTAL GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 44,729.98	\$ 82,680.38	\$ 79,467.00	\$ 3,213.38
Delinquent Tax	237.31	227.34	456.00	(228.66)
Motor Veh./16-20M Veh. Tax	745.99	1,741.12	2,882.00	(1,140.88)
Recreational Vehicle Tax	10.02	40.58	80.00	(39.42)
State Aid:				
Machinery & Equipment	4,026.31	0.00	0.00	0.00
Total Cash Receipts	<u>49,749.61</u>	<u>84,689.42</u>	<u>\$ 82,885.00</u>	<u>\$ 1,804.42</u>
Expenditures				
Instruction:				
Other	0.00	0.00	99,502.00	(99,502.00)
Operating Transfers:				
To At-Risk (4 Yr Old)	0.00	0.00	36,000.00	(36,000.00)
To At-Risk	100,000.00	98,929.63	50,000.00	48,929.63
To Bilingual Education	0.00	0.00	10,000.00	(10,000.00)
To Food Service	0.00	0.00	70,482.00	(70,482.00)
To Special Education	0.00	1,351.65	79,016.00	(77,664.35)
To Vocational Education	0.00	0.00	10,000.00	(10,000.00)
Total Expenditures	<u>100,000.00</u>	<u>100,281.28</u>	<u>\$ 355,000.00</u>	<u>\$ (254,718.72)</u>
Receipts Over (Under) Expenditures	(50,250.39)	(15,591.86)		
Unencumbered Cash, Beginning	<u>322,365.98</u>	<u>272,115.59</u>		
Unencumbered Cash, Ending	<u>\$ 272,115.59</u>	<u>\$ 256,523.73</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
AT-RISK (4 YR OLD) FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers:				
From General	\$ 21,286.25	\$ 21,514.50	\$ 0.00	\$ 21,514.50
From Supplemental General	<u>0.00</u>	<u>0.00</u>	<u>36,000.00</u>	<u>(36,000.00)</u>
Total Cash Receipts	<u>21,286.25</u>	<u>21,514.50</u>	<u>\$ 36,000.00</u>	<u>\$ (14,485.50)</u>
Expenditures				
Instruction:				
Salaries	19,075.00	19,500.00	20,000.00	(500.00)
Employee Benefits	1,415.98	1,441.36	2,650.00	(1,208.64)
Supplies	782.17	573.14	7,000.00	(6,426.86)
Property (Equip & Furn)	0.00	0.00	6,350.00	(6,350.00)
Other	<u>13.10</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>21,286.25</u>	<u>21,514.50</u>	<u>\$ 36,000.00</u>	<u>\$ (14,485.50)</u>
Receipts Over (Under) Expenditures	0.00	0.00		
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>		
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 0.00</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
AT-RISK FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources:				
Interest on Idle Funds	\$ 293.79	\$ 276.43	\$ 0.00	\$ 276.43
Operating Transfers:				
From General	115,390.29	84,252.00	0.00	84,252.00
From Supplemental General	<u>100,000.00</u>	<u>98,929.63</u>	<u>50,000.00</u>	<u>48,929.63</u>
Total Cash Receipts	<u>215,684.08</u>	<u>183,458.06</u>	<u>\$ 50,000.00</u>	<u>\$ 133,458.06</u>
Expenditures				
Instruction:				
Salaries	139,701.99	137,340.75	153,000.00	(15,659.25)
Employee Benefits	13,420.18	10,633.82	15,800.00	(5,166.18)
Other Purchased Services	7,920.00	29,288.00	10,000.00	19,288.00
Supplies	1,866.50	2,146.85	1,000.00	1,146.85
Other	<u>0.00</u>	<u>0.00</u>	<u>116,151.00</u>	<u>(116,151.00)</u>
Total Expenditures	<u>162,908.67</u>	<u>179,409.42</u>	<u>\$ 295,951.00</u>	<u>\$ (116,541.58)</u>
Receipts Over (Under) Expenditures	52,775.41	4,048.64		
Unencumbered Cash, Beginning	<u>193,175.95</u>	<u>245,951.36</u>		
Unencumbered Cash, Ending	<u>\$ 245,951.36</u>	<u>\$ 250,000.00</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
BILINGUAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers:				
From General	\$ 3,520.00	\$ 3,210.00	\$ 0.00	\$ 3,210.00
From Supplemental General	<u>0.00</u>	<u>0.00</u>	<u>10,000.00</u>	<u>(10,000.00)</u>
Total Cash Receipts	<u>3,520.00</u>	<u>3,210.00</u>	<u>\$ 10,000.00</u>	<u>\$ (6,790.00)</u>
Expenditures				
Instruction:				
Other Purchased Services	<u>3,520.00</u>	<u>3,210.00</u>	<u>10,000.00</u>	<u>(6,790.00)</u>
Total Expenditures	<u>3,520.00</u>	<u>3,210.00</u>	<u>\$ 10,000.00</u>	<u>\$ (6,790.00)</u>
Receipts Over (Under) Expenditures	0.00	0.00		
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>		
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 0.00</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
CAPITAL OUTLAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue:				
Delinquent Tax	\$ 18.44	\$ 16.22	\$ 0.00	\$ 16.22
Motor Veh./16-20M Veh. Tax	31.56	0.00	0.00	0.00
Local Sources:				
Other Revenue from Local Sources	<u>2,909.70</u>	<u>2,880.35</u>	<u>1,976.00</u>	<u>904.35</u>
Total Cash Receipts	<u>2,959.70</u>	<u>2,896.57</u>	<u>\$ 1,976.00</u>	<u>\$ 920.57</u>
Expenditures				
Instruction:				
Property (Equip & Furn)	4,093.00	2,798.00	120,000.00	(117,202.00)
Instructional Support Staff:				
Property (Equip & Furn)	0.00	0.00	1,000.00	(1,000.00)
General Administration:				
Property (Equip & Furn)	0.00	0.00	5,000.00	(5,000.00)
Operations & Maintenance:				
Property (Equip & Furn)	0.00	0.00	10,000.00	(10,000.00)
Transportation:				
Property (Equip & Buses)	0.00	0.00	120,000.00	(120,000.00)
Other Supplemental Services:				
Property (Equip & Buses)	2,010.00	0.00	0.00	0.00
Facility Acquis. & Constr. Services:				
Repair & Remodeling	5,579.60	19,960.33	30,500.00	(10,539.67)
Other	<u>0.00</u>	<u>1,955.00</u>	<u>408,500.00</u>	<u>(406,545.00)</u>
Total Expenditures	<u>11,682.60</u>	<u>24,713.33</u>	<u>\$ 695,000.00</u>	<u>\$ (670,286.67)</u>
Receipts Over (Under) Expenditures	(8,722.90)	(21,816.76)		
Unencumbered Cash, Beginning	<u>703,757.17</u>	<u>695,034.27</u>		
Unencumbered Cash, Ending	<u>\$ 695,034.27</u>	<u>\$ 673,217.51</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
FOOD SERVICE FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources:				
Interest on Idle Funds	\$ 11,041.68	\$ 2,302.99	\$ 10,000.00	\$ (7,697.01)
Food Sales	13,586.15	12,546.35	12,550.00	(3.65)
Miscellaneous	300.00	30.00	377.00	(347.00)
State Aid:				
State Food Assistance	466.17	406.57	586.00	(179.43)
Federal Aid:				
Child Nutrition Program	24,116.96	22,041.27	25,627.00	(3,585.73)
Operating Transfer:				
From General	42,244.65	41,697.67	0.00	41,697.67
From Supplemental General	0.00	0.00	70,482.00	(70,482.00)
Total Cash Receipts	<u>91,755.61</u>	<u>79,024.85</u>	<u>\$ 119,622.00</u>	<u>\$ (40,597.15)</u>
Expenditures				
Operation & Maintenance:				
Salaries	3,240.00	3,360.00	3,500.00	(140.00)
Employee Benefits	251.54	259.98	350.00	(90.02)
Purchased Property Services	481.92	1,015.86	5,500.00	(4,484.14)
Supplies	5,261.00	5,360.33	16,500.00	(11,139.67)
Property (Equip & Furn)	0.00	0.00	500.00	(500.00)
Other	0.00	65.00	0.00	65.00
Food Service Operation:				
Salaries	41,227.97	37,417.73	45,500.00	(8,082.27)
Employee Benefits	4,221.20	3,912.98	7,600.00	(3,687.02)
Food & Supplies	36,375.91	32,858.66	50,300.00	(17,441.34)
Property (Equip & Furn)	0.00	0.00	10,000.00	(10,000.00)
Other	73.20	25.75	10,250.00	(10,224.25)
Total Expenditures	<u>91,132.74</u>	<u>84,276.29</u>	<u>\$ 150,000.00</u>	<u>\$ (65,723.71)</u>
Receipts Over (Under) Expenditures	622.87	(5,251.44)		
Unencumbered Cash, Beginning	<u>29,755.13</u>	<u>30,378.00</u>		
Unencumbered Cash, Ending	<u>\$ 30,378.00</u>	<u>\$ 25,126.56</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Cash Receipts				
State Aid:				
Inservice Aid	\$ 50.00	\$ 1,701.00	\$ 0.00	\$ 1,701.00
Operating Transfer:				
From General	<u>10,182.27</u>	<u>462.84</u>	<u>0.00</u>	<u>462.84</u>
Total Cash Receipts	<u>10,232.27</u>	<u>2,163.84</u>	<u>\$ 0.00</u>	<u>\$ 2,163.84</u>
Expenditures				
Instructional Support Staff:				
Salaries	312.92	0.00	3,200.00	(3,200.00)
Employee Benefits	13.29	0.00	300.00	(300.00)
Purchased Professional Services	11,413.61	1,240.62	12,000.00	(10,759.38)
Other	<u>399.20</u>	<u>923.22</u>	<u>6,201.00</u>	<u>(5,277.78)</u>
Total Expenditures	<u>12,139.02</u>	<u>2,163.84</u>	<u>\$ 21,701.00</u>	<u>\$ (19,537.16)</u>
Receipts Over (Under) Expenditures	(1,906.75)	0.00		
Unencumbered Cash, Beginning	<u>21,906.75</u>	<u>20,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
SPECIAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Operating Transfers:				
From General	\$ 171,882.75	\$ 103,426.00	\$ 134,984.00	\$ (31,558.00)
From Supplemental General	<u>0.00</u>	<u>1,351.65</u>	<u>79,016.00</u>	<u>(77,664.35)</u>
Total Cash Receipts	<u>171,882.75</u>	<u>104,777.65</u>	<u>\$ 214,000.00</u>	<u>\$ (109,222.35)</u>
Expenditures				
Instruction:				
Other Purchased Services				
Assessments	52,122.00	52,468.00	70,000.00	(17,532.00)
Flow-thru	111,572.00	98,137.00	116,104.00	(17,967.00)
Supplies	0.00	0.00	500.00	(500.00)
Property (Equip & Furn)	0.00	0.00	500.00	(500.00)
Other	0.00	0.00	300,746.00	(300,746.00)
Vehicle Operating Service:				
Salaries	6,546.43	2,043.52	12,000.00	(9,956.48)
Employee Benefits	800.66	478.84	1,750.00	(1,271.16)
Other Purchased Services	572.85	683.67	2,000.00	(1,316.33)
Supplies	1,904.48	833.32	8,200.00	(7,366.68)
Other	29.00	0.00	200.00	(200.00)
Vehicle & Maintenance Service:				
Purchased Property Services	<u>792.96</u>	<u>133.30</u>	<u>2,000.00</u>	<u>(1,866.70)</u>
Total Expenditures	<u>174,340.38</u>	<u>154,777.65</u>	<u>\$ 514,000.00</u>	<u>\$ (359,222.35)</u>
Receipts Over (Under) Expenditures	(2,457.63)	(50,000.00)		
Unencumbered Cash, Beginning	<u>302,457.63</u>	<u>300,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 300,000.00</u>	<u>\$ 250,000.00</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
VOCATIONAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers:				
From General	\$ 5,720.00	\$ 2,808.00	\$ 0.00	\$ 2,808.00
From Supplemental General	<u>0.00</u>	<u>0.00</u>	<u>10,000.00</u>	<u>(10,000.00)</u>
Total Cash Receipts	<u>5,720.00</u>	<u>2,808.00</u>	<u>\$ 10,000.00</u>	<u>\$ (7,192.00)</u>
Expenditures				
Instruction:				
Other Purchased Services	<u>5,720.00</u>	<u>2,808.00</u>	<u>10,000.00</u>	<u>(7,192.00)</u>
Total Expenditures	<u>5,720.00</u>	<u>2,808.00</u>	<u>\$ 10,000.00</u>	<u>\$ (7,192.00)</u>
Receipts Over (Under) Expenditures	0.00	0.00		
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>		
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 0.00</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
KPERs SPECIAL RETIREMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year	Current Year		Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
State Aid:				
KPERs	\$ 51,340.14	\$ 25,989.27	\$ 65,202.00	\$ (39,212.73)
Total Cash Receipts	<u>51,340.14</u>	<u>25,989.27</u>	<u>\$ 65,202.00</u>	<u>\$ (39,212.73)</u>
Expenditures				
Instruction:				
Employee Benefits	29,865.14	15,118.27	38,190.00	(23,071.73)
Student Support Services:				
Employee Benefits	1,304.00	660.00	2,075.00	(1,415.00)
Instructional Support Staff:				
Employee Benefits	172.00	87.00	271.00	(184.00)
General Administration:				
Employee Benefits	4,494.00	2,275.00	5,995.00	(3,720.00)
School Administration:				
Employee Benefits	2,387.00	1,208.00	2,947.00	(1,739.00)
Operations & Maintenance:				
Employee Benefits	5,386.00	2,727.00	6,647.00	(3,920.00)
Student Transportation Services:				
Employee Benefits	3,479.00	1,761.00	4,293.00	(2,532.00)
Food Service:				
Employee Benefits	3,499.00	1,771.00	3,853.00	(2,082.00)
Other Supplemental Services:				
Employee Benefits	<u>754.00</u>	<u>382.00</u>	<u>931.00</u>	<u>(549.00)</u>
Total Expenditures	<u>51,340.14</u>	<u>25,989.27</u>	<u>\$ 65,202.00</u>	<u>\$ (39,212.73)</u>
Receipts Over (Under) Expenditures	0.00	0.00		
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>		
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 0.00</u>	- See Note 3	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
CONTINGENCY RESERVE FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Operating Transfer:		
From General	\$ 39,805.00	\$ 0.00
Total Cash Receipts	39,805.00	0.00
Expenditures		
None	0.00	0.00
Total Expenditures	0.00	0.00
Receipts Over (Under) Expenditures	39,805.00	0.00
Unencumbered Cash, Beginning	81,811.00	121,616.00
Unencumbered Cash, Ending	\$ 121,616.00	\$ 121,616.00

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
TITLE I FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
Other Federal Grants Thru State	\$ 30,243.00	\$ 30,890.00
Total Cash Receipts	<u>30,243.00</u>	<u>30,890.00</u>
Expenditures		
Instruction:		
Salaries	22,567.50	25,450.50
Employee Benefits	4,197.38	3,515.64
Purchased Professional Services	1,513.00	1,545.00
Supplies	<u>1,965.12</u>	<u>378.86</u>
Total Expenditures	<u>30,243.00</u>	<u>30,890.00</u>
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u><u>\$ 0.00</u></u>	<u><u>\$ 0.00</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
TITLE I MIGRANT EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
Other Federal Grants Thru State	\$ 8,000.00	\$ 0.00
Total Cash Receipts	8,000.00	0.00
Expenditures		
Instruction:		
Salaries	8,000.00	0.00
Total Expenditures	8,000.00	0.00
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	0.00	0.00
Unencumbered Cash, Ending	\$ 0.00	\$ 0.00

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
TITLE I ARRA FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
Other Federal Grants Thru State	\$ 0.00	\$ 17,606.00
Total Cash Receipts	0.00	17,606.00
Expenditures		
Instruction:		
Salaries	0.00	11,697.11
Employee Benefits	0.00	5,181.49
Supplies	0.00	727.40
Total Expenditures	0.00	17,606.00
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	0.00	0.00
Unencumbered Cash, Ending	\$ 0.00	\$ 0.00

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
TITLE II FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
Other Federal Grants Thru State	\$ 8,452.00	\$ 8,600.00
Total Cash Receipts	8,452.00	8,600.00
Expenditures		
Instruction:		
Salaries	8,452.00	8,600.00
Total Expenditures	8,452.00	8,600.00
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	0.00	0.00
Unencumbered Cash, Ending	\$ 0.00	\$ 0.00

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
TITLE II D FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
Other Federal Grants Thru State	\$ 289.00	\$ 260.00
Total Cash Receipts	<u>289.00</u>	<u>260.00</u>
Expenditures		
Instruction:		
Salaries	<u>289.00</u>	<u>260.00</u>
Total Expenditures	<u>289.00</u>	<u>260.00</u>
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u><u>\$ 0.00</u></u>	<u><u>\$ 0.00</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
TITLE II D ARRA FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
Other Federal Grants Thru State	\$ 0.00	\$ 640.00
Total Cash Receipts	0.00	640.00
Expenditures		
Instruction:		
Purchased Professional Services	0.00	450.00
Supplies	0.00	190.00
Total Expenditures	0.00	640.00
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	0.00	0.00
Unencumbered Cash, Ending	\$ 0.00	\$ 0.00

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
REAP GRANT FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
US Department of Education	\$ 14,137.00	\$ 14,552.00
Total Cash Receipts	14,137.00	14,552.00
Expenditures		
Instruction:		
Supplies	3,424.83	7,315.05
Property (Equip & Furn)	10,712.17	7,236.95
Total Expenditures	14,137.00	14,552.00
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	0.00	0.00
Unencumbered Cash, Ending	\$ 0.00	\$ 0.00

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
TITLE IV FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Actual
Cash Receipts		
Federal Aid:		
Other Federal Grants Thru State	\$ 506.00	\$ 504.00
Total Cash Receipts	506.00	504.00
Expenditures		
Instruction:		
Salaries	506.00	504.00
Total Expenditures	506.00	504.00
Receipts Over (Under) Expenditures	0.00	0.00
Unencumbered Cash, Beginning	0.00	0.00
Unencumbered Cash, Ending	\$ 0.00	\$ 0.00

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
DISTRICT ACTIVITY FUNDS
For the Year Ended June 30, 2010

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures
District Activity Funds:				
Sr. Gift to School	\$ 2,948.67	\$ 0.00	\$ 0.00	\$ 2,877.34
Student Activities	672.40	0.00	1,951.96	1,772.28
Hi Fi Account Interest	0.00	0.00	4.00	0.00
Sales Tax	<u>7.54</u>	<u>0.00</u>	<u>15.29</u>	<u>9.72</u>
Total District Activity Funds	<u>\$ 3,628.61</u>	<u>\$ 0.00</u>	<u>\$ 1,971.25</u>	<u>\$ 4,659.34</u>

The notes to the financial statements are an integral part of this statement.

Statement 4

Add:		
Ending	Outstanding	
Unencumbered	Encumbrances	
Cash Balance	And Accounts	Ending
	Payable	Cash Balance
\$ 71.33	\$ 0.00	\$ 71.33
852.08	0.00	852.08
4.00	0.00	4.00
<u>13.11</u>	<u>0.00</u>	<u>13.11</u>
<u>\$ 940.52</u>	<u>\$ 0.00</u>	<u>\$ 940.52</u>

UNIFIED SCHOOL DISTRICT NO. 502
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Unified School District No. 502, Lewis, Kansas is a municipal corporation governed by an elected seven member board. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. Unified School District No. 502 has no component units as of June 30, 2010.

B. FUND ACCOUNTING

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of Unified School District No. 502, Lewis, Kansas for the year ended June 30, 2010:

GOVERNMENTAL FUNDS:

General Funds--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

FIDUCIARY FUNDS:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individual, private organizations, other governmental units, and/or other funds. These include (a) Pension Trust Funds, (b) Investment Trust Funds, (c) Private-Purpose Trust Funds, and (d) Agency Funds.

C. BASIS OF ACCOUNTING

Statutory Basis of Accounting: The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

C. BASIS OF ACCOUNTING (Cont'd.)

Departure from Accounting Principles Generally Accepted in the United States of America: The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of interest bearing checking accounts. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

E. COMPENSATED ABSENCES

Vacation Policy:

The District allows vacation for all full-time year-round employees after one year of service. In the event of termination, accrued vacation time is paid to these employees at their current regular pay rate. There were no employees with accrued vacation, therefore, there is no potential liability for accrued vacation as of June 30, 2010.

Sick Leave Policy:

At the beginning of each school year each employee will receive ten (10) days of sick leave. Sick leave may be used for the personal illness or disability of the employee or the employee's children, spouse or parents. Unused sick leave shall accumulate to a maximum of sixty (60) days. The maximum number of sick leave days available during any school year is seventy (70) days. At the end of each contract year, the board agrees to pay \$80.00 a day for each day over 65 days of sick leave, with a maximum of five days. No other payment will be made for unused sick leave or personal leave.

F. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompany individual fund financial statements in order to provide an understanding of changes in the District's financial position and operation. Some prior year balances have been reclassified to conform with the current year presentation.

G. TOTAL COLUMNS (MEMORANDUM ONLY)

Total Columns on the Summary of Receipts, Expenditures and Unencumbered Cash are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

H. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer at designated times throughout the year.

I. REIMBURSED EXPENSES

Unified School District No. 502, Lewis, Kansas, records reimbursable expenditures (or expense) in the fund that makes the disbursement and records the reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

J. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment to Comply with Legal Max: Unified school districts should use this line item (for use in the budget column only) to adjust the certified budget to comply with the "Legal Max" budget. The State Board of Education calculates the "Legal Max" budget using enrollment figures. The District's budgeted expenditures are limited to the lower of the published budget or the "Legal Max" budget.

Note 2 - BUDGETARY INFORMATION (Cont'd.)

Adjustment for Qualifying Budget Credits: Districts may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

Contingency Reserve Fund	Title II D Fund
Title I Fund	Title II D ARRA Fund
Title I Migrant Education Fund	REAP Grant Fund
Title I ARRA Fund	Title IV Fund
Title II Fund	District Activity Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

The General Fund showed a negative ending unencumbered cash balance of \$58,030.34 for the year ending June 30, 2010. K.S.A. 10-1116a provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, be exempt from the cash basis law of the State of Kansas. This fund met the criteria under the statutes, and therefore, is not deemed to be in violation of the Kansas cash basis law.

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The schedules on the following pages show the revenue as required by the statutes.

Note 3 - COMPLIANCE WITH KANSAS STATUTES (Cont'd.)

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010
GENERAL FUND

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Taxes and Shared Revenue:			
Ad Valorem Property Tax	\$ 325,382.89	\$ 318,624.00	\$ 6,758.89
Delinquent Tax	264.26	3,263.00	(2,998.74)
Mineral Tax	2,897.69	12,000.00	(9,102.31)
Local Sources:			
Reimbursed Expenses	2,576.35	0.00	2,576.35
State Aid:			
Equalization Aid	639,502.00	716,084.00	(76,582.00)
Special Education Aid	103,426.00	134,984.00	(31,558.00)
Federal Aid:			
ARRA	<u>54,293.00</u>	<u>54,293.00</u>	<u>0.00</u>
Total Statutory Revenues	<u>1,128,342.19</u>	<u>\$ 1,239,248.00</u>	<u>\$ (110,905.81)</u>
Expenditures			
Instruction	476,851.45	564,850.00	(87,998.55)
Student Support Services	24,379.98	34,300.00	(9,920.02)
Health Services	5,572.71	0.00	5,572.71
Instructional Support Staff	1,458.39	3,500.00	(2,041.61)
General Administration	98,178.37	126,700.00	(28,521.63)
School Administration	37,964.85	40,350.00	(2,385.15)
Operations & Maintenance	159,662.74	234,514.00	(74,851.26)
Transportation Supervision	9,376.58	9,450.00	(73.42)
Vehicle Operating Service	35,133.30	58,350.00	(23,216.70)
Vehicle & Maintenance Service	6,200.27	16,500.00	(10,299.73)
Other Support Services	16,193.70	15,750.00	443.70
Contracted Services	0.00	0.00	0.00
Operating Transfers	257,371.01	134,984.00	122,387.01
Adjustment to Comply with Legal Max	<u> </u>	<u>(113,481.00)</u>	<u>113,481.00</u>
Legal General Fund Budget	1,128,343.35	1,125,767.00	2,576.35
Adjustment for Qualifying Budget Credits	<u> </u>	<u>2,576.35</u>	<u>(2,576.35)</u>
Total Expenditures	<u>1,128,343.35</u>	<u>\$ 1,128,343.35</u>	<u>\$ 0.00</u>
Revenue Over (Under) Expenditures	(1.16)		
Modified Unencumbered Cash, July 1, 2009	<u>1.82</u>		
Modified Unencumbered Cash, June 30, 2010	<u>\$ 0.66</u>		

Note 3 - COMPLIANCE WITH KANSAS STATUTES (Cont'd.)

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2010
KPERS SPECIAL RETIREMENT FUND

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
State Aid:			
KPERS	\$ 51,070.63	\$ 65,202.00	\$ (14,131.37)
Total Statutory Revenues	<u>51,070.63</u>	<u>\$ 65,202.00</u>	<u>\$ (14,131.37)</u>
Expenditures			
Instruction:			
Employee Benefits	29,708.63	38,190.00	(8,481.37)
Student Support Services:			
Employee Benefits	1,297.00	2,075.00	(778.00)
Instructional Support Staff:			
Employee Benefits	171.00	271.00	(100.00)
General Administration:			
Employee Benefits	4,470.00	5,995.00	(1,525.00)
School Administration:			
Employee Benefits	2,374.00	2,947.00	(573.00)
Other Supplemental Services:			
Employee Benefits	750.00	931.00	(181.00)
Operations & Maintenance:			
Employee Benefits	5,358.00	6,647.00	(1,289.00)
Student Transportation Services:			
Employee Benefits	3,461.00	4,293.00	(832.00)
Food Service:			
Employee Benefits	<u>3,481.00</u>	<u>3,853.00</u>	<u>(372.00)</u>
Total Expenditures	<u>51,070.63</u>	<u>\$ 65,202.00</u>	<u>\$ (14,131.37)</u>
Revenue Over (Under) Expenditures	0.00		
Modified Unencumbered Cash, July 1, 2009	<u>0.00</u>		
Modified Unencumbered Cash, June 30, 2010	<u>\$ 0.00</u>		

Note 4 - DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with the allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at June 30, 2010.

At June 30, 2010 the District's carrying amount of deposits was \$1,539,393.98 and the bank balance was \$1,647,790.15. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$299,466.73 was covered by federal depository insurance and \$1,348,323.42 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Note 5 - INTERFUND TRANSACTIONS

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General	At-Risk (4 Yr Old)	K.S.A. 72-6428	\$ 21,514.50
General	At-Risk	K.S.A. 72-6428	84,252.00
General	Bilingual Education	K.S.A. 72-6428	3,210.00
General	Food Service	K.S.A. 72-6428	41,697.67
General	Professional Development	K.S.A. 72-6428	462.84
General	Special Education	K.S.A. 72-6428	103,426.00
General	Vocational Education	K.S.A. 72-6428	2,808.00
Supplemental General	At-Risk	K.S.A. 72-6433	98,929.63
Supplemental General	Special Education	K.S.A. 72-6433	1,351.65

Note 6 - DEFINED BENEFIT PENSION PLAN

Plan description. The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etseq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Note 6 - DEFINED BENEFIT PENSION PLAN (Cont'd.)

Funding Policy: K.S.A. 74-4919 establishes the KPERS member-employer contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amounts necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008 were \$248,468,186 (received as of June 30, 2010 was \$140,318,394 and the remaining balance due of \$108,149,792 was received by July 9, 2010), \$242,277,363, and \$200,815,154, respectively, equal to the required contributions for each year.

Note 7 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in KASB Risk Management Services, Inc., a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The District pays an annual premium to KASB Risk Management Services, Inc. for its workers compensation insurance. The agreement to participate provides that the KASB Risk Management Services, Inc. will be self-sustaining through member premiums and will reinsure through commercial companies for excess claims for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KASB Risk Management Services, Inc.'s management.

The District continues to carry commercial insurance for all other risks of loss, including equipment, property and building coverage. There have been no significant reductions in coverage from the prior year and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Note 9 - LEASE COMMITMENTS

Operating Leases:

The District has entered into operating leases for school copiers which contain cancellation provisions and are subject to annual appropriations. For the year ended June 30, 2010 rent expenditures were \$1,440.00. These expenditures were made from the General Fund.

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
Detailed Schedule of General Fund Expenditures
Compared with Appropriations
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
Instruction:				
Salaries	\$ 210,548.13	\$ 206,889.51	\$ 231,000.00	\$ (24,110.49)
Employee Benefits	65,698.14	63,412.95	67,350.00	(3,937.05)
Purchased Professional Services	0.00	0.00	10,000.00	(10,000.00)
Other Purchased Services	115,412.19	197,503.29	215,000.00	(17,496.71)
Supplies	19,178.19	9,045.70	40,000.00	(30,954.30)
Property (Equip & Furn)	0.00	0.00	500.00	(500.00)
Other	0.00	0.00	1,000.00	(1,000.00)
	<u>410,836.65</u>	<u>476,851.45</u>	<u>564,850.00</u>	<u>(87,998.55)</u>
Student Support Services:				
Salaries	17,005.78	17,007.51	24,500.00	(7,492.49)
Employee Benefits	6,477.33	6,942.73	5,750.00	1,192.73
Other Purchased Services	18.00	0.00	1,300.00	(1,300.00)
Supplies	225.66	429.74	2,000.00	(1,570.26)
Property (Equip & Furn)	0.00	0.00	750.00	(750.00)
	<u>23,726.77</u>	<u>24,379.98</u>	<u>34,300.00</u>	<u>(9,920.02)</u>
Health Services:				
Health Services	<u>5,035.52</u>	<u>5,572.71</u>	<u>0.00</u>	<u>5,572.71</u>
	<u>5,035.52</u>	<u>5,572.71</u>	<u>0.00</u>	<u>5,572.71</u>
Instructional Support Staff:				
Supplies	<u>14.21</u>	<u>1,458.39</u>	<u>3,500.00</u>	<u>(2,041.61)</u>
	<u>14.21</u>	<u>1,458.39</u>	<u>3,500.00</u>	<u>(2,041.61)</u>
General Administration:				
Salaries	61,279.36	63,005.25	70,800.00	(7,794.75)
Employee Benefits	18,422.65	13,123.69	13,800.00	(676.31)
Purchased Professional Services	8,921.58	12,384.79	11,000.00	1,384.79
Purchased Property Services	0.00	0.00	1,000.00	(1,000.00)
Other Purchased Services	9,001.93	3,995.36	17,100.00	(13,104.64)
Supplies	1,558.57	1,821.48	2,000.00	(178.52)
Property (Equip & Furn)	0.00	0.00	1,000.00	(1,000.00)
Other	4,028.01	3,847.80	10,000.00	(6,152.20)
	<u>103,212.10</u>	<u>98,178.37</u>	<u>126,700.00</u>	<u>(28,521.63)</u>

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
Detailed Schedule of General Fund Expenditures
Compared with Appropriations
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (Cont'd.)				
School Administration:				
Salaries	34,800.00	34,800.00	34,800.00	0.00
Employee Benefits	2,838.52	2,843.75	3,050.00	(206.25)
Purchased Professional Services	0.00	0.00	1,000.00	(1,000.00)
Other Purchased Services	384.88	321.10	500.00	(178.90)
Supplies	0.00	0.00	1,000.00	(1,000.00)
	<u>38,023.40</u>	<u>37,964.85</u>	<u>40,350.00</u>	<u>(2,385.15)</u>
Operations & Maintenance:				
Salaries	65,016.48	65,362.62	75,000.00	(9,637.38)
Employee Benefits	14,978.49	16,350.04	17,800.00	(1,449.96)
Purchased Property Services	15,484.28	13,532.01	28,500.00	(14,967.99)
Other Purchased Services	28,410.83	29,620.67	46,714.00	(17,093.33)
Supplies	12,862.16	8,719.72	19,000.00	(10,280.28)
Heating	12,319.16	14,515.72	20,000.00	(5,484.28)
Electricity	10,720.22	10,732.80	20,000.00	(9,267.20)
Motor Fuel	928.12	829.16	2,000.00	(1,170.84)
Property (Equip & Furn)	0.00	0.00	5,000.00	(5,000.00)
Other	0.00	0.00	500.00	(500.00)
	<u>160,719.74</u>	<u>159,662.74</u>	<u>234,514.00</u>	<u>(74,851.26)</u>
Transportation Supervision:				
Salaries	8,700.00	8,700.00	8,700.00	0.00
Employee Benefits	677.19	676.58	750.00	(73.42)
	<u>9,377.19</u>	<u>9,376.58</u>	<u>9,450.00</u>	<u>(73.42)</u>
Vehicle Operating Service:				
Salaries	18,834.86	20,944.17	30,000.00	(9,055.83)
Employee Benefits	3,476.83	3,301.52	3,850.00	(548.48)
Other Purchased Services	879.49	1,010.00	7,000.00	(5,990.00)
Motor Fuel	10,243.98	8,543.11	15,000.00	(6,456.89)
Other	1,078.60	1,334.50	2,500.00	(1,165.50)
	<u>34,513.76</u>	<u>35,133.30</u>	<u>58,350.00</u>	<u>(23,216.70)</u>
Vehicle & Maintenance Service:				
Purchased Property Services	8,346.76	6,147.65	12,000.00	(5,852.35)
Supplies	2,416.63	52.62	4,500.00	(4,447.38)
	<u>10,763.39</u>	<u>6,200.27</u>	<u>16,500.00</u>	<u>(10,299.73)</u>

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
Detailed Schedule of General Fund Expenditures
Compared with Appropriations
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

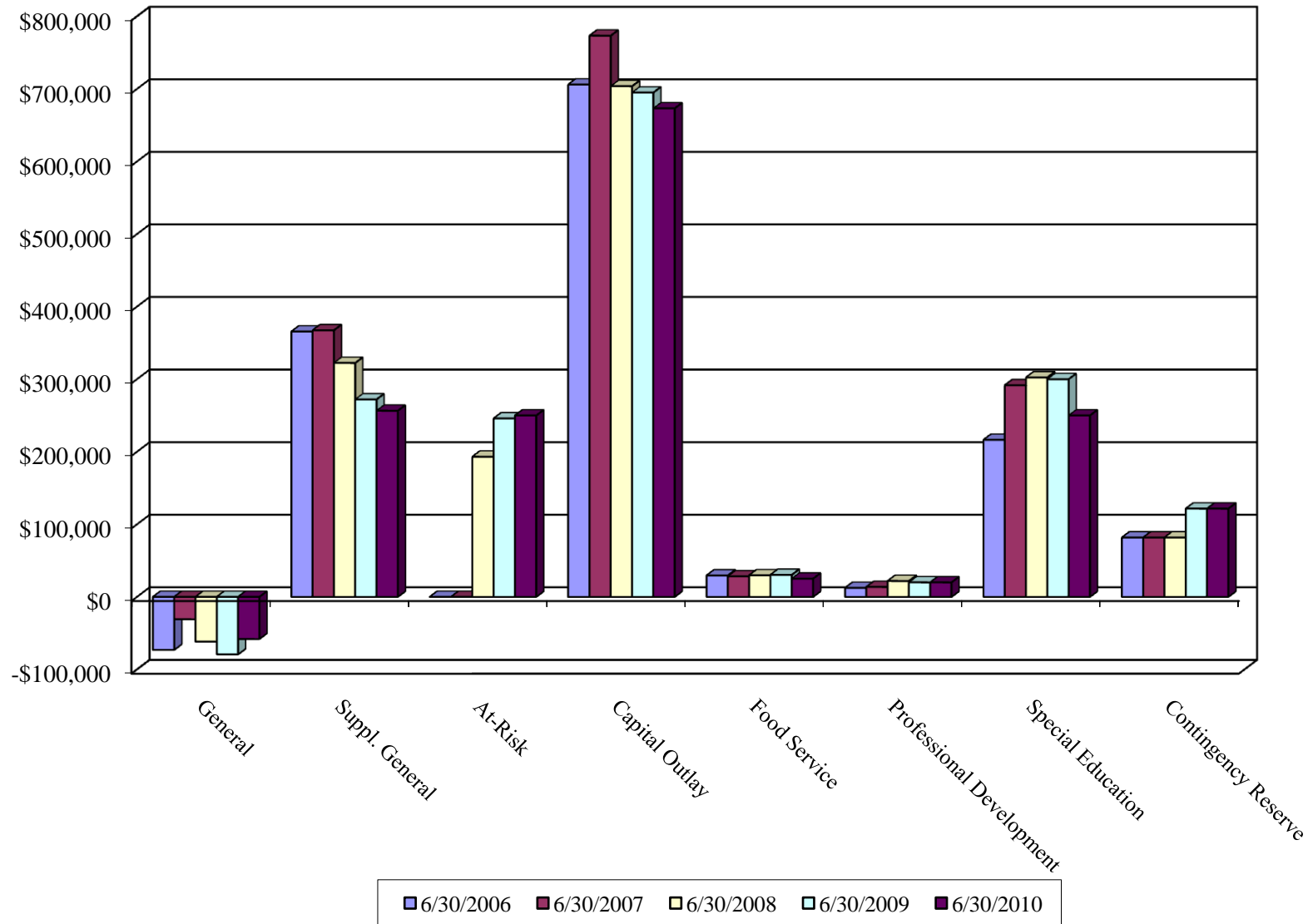
	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (Cont'd.)				
Other Supplemental Services:				
Salaries	11,829.97	11,550.45	11,000.00	550.45
Employee Benefits	4,200.15	4,643.25	4,750.00	(106.75)
	<u>16,030.12</u>	<u>16,193.70</u>	<u>15,750.00</u>	<u>443.70</u>
Contracted Services:				
Contracted Services	1,901.13	0.00	0.00	0.00
	<u>1,901.13</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Operating Transfers:				
To At-Risk (4 Yr Old)	21,286.25	21,514.50	0.00	21,514.50
To At-Risk	115,390.29	84,252.00	0.00	84,252.00
To Bilingual	3,520.00	3,210.00	0.00	3,210.00
To Food Service	42,244.65	41,697.67	0.00	41,697.67
To Professional Development	10,182.27	462.84	0.00	462.84
To Special Education	171,882.75	103,426.00	134,984.00	(31,558.00)
To Vocational Education	5,720.00	2,808.00	0.00	2,808.00
To Contingency Reserve	39,805.00	0.00	0.00	0.00
	<u>410,031.21</u>	<u>257,371.01</u>	<u>134,984.00</u>	<u>122,387.01</u>
Adjustment to Comply with Legal Max			(113,481.00)	113,481.00
Legal General Fund Budget	1,224,185.19	1,128,343.35	1,125,767.00	2,576.35
Adjustment for Qualifying Budget Credits			2,576.35	(2,576.35)
Total Expenditures	<u>\$ 1,224,185.19</u>	<u>\$ 1,128,343.35</u>	<u>\$ 1,128,343.35</u>	<u>\$ 0.00</u>

UNIFIED SCHOOL DISTRICT NO. 502, LEWIS, KANSAS
 OTHER PUBLIC ACTIVITIES
 PETTY CASH FUNDS
 Receipts, Disbursements and Balances

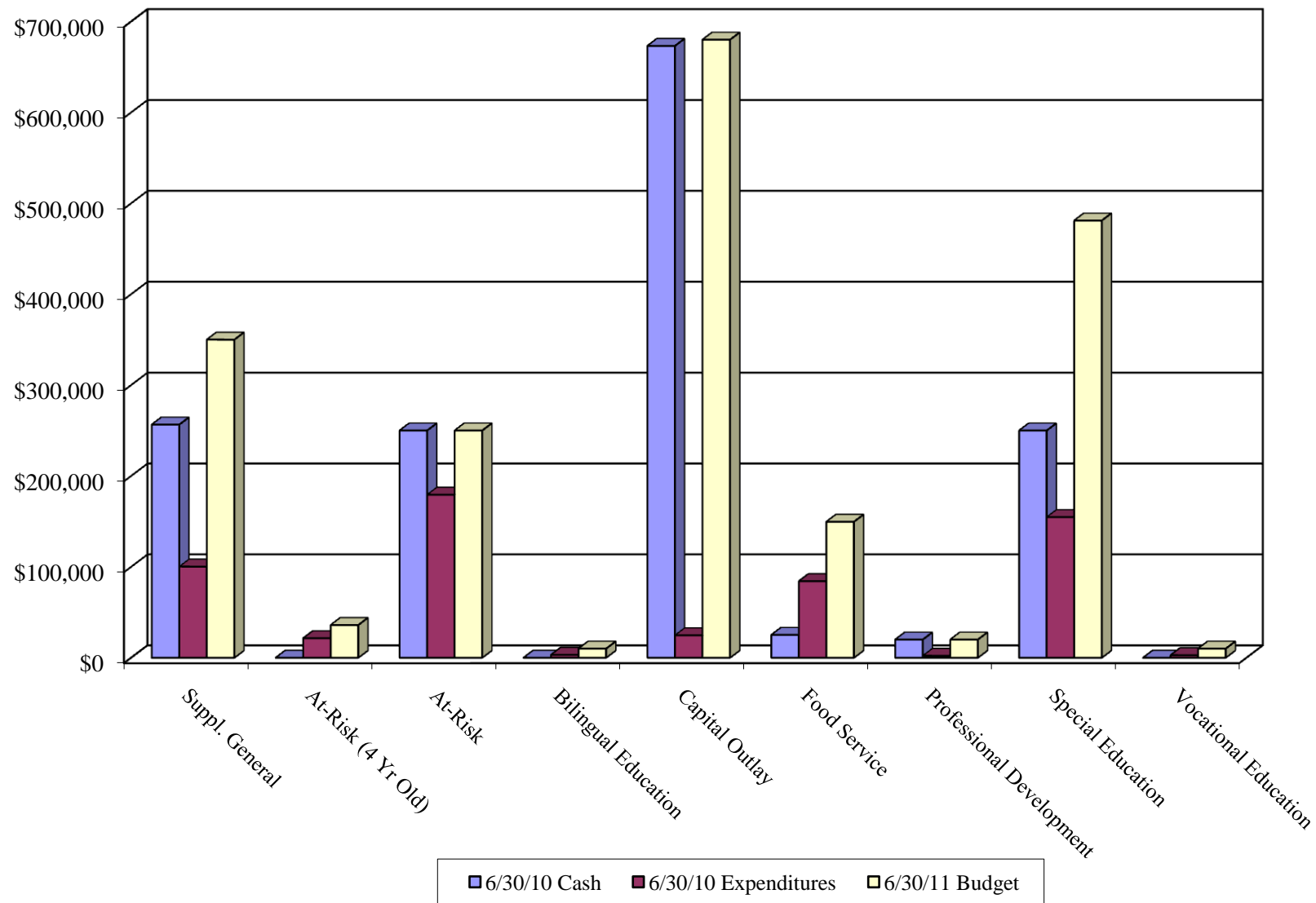
July 1, 2009 to June 30, 2010

	Central Office
Balance to be accounted for 07/01/09	\$ 0.00
Receipts	
Reimbursements from U.S.D. 502	1,570.22
Total Receipts	1,570.22
Disb., Encumbrances, & Transfers	
Reimbursable Items	1,570.22
Total Disb., Encumbrances, & Transfers	1,570.22
Balance to be accounted for 06/30/10	\$ 0.00

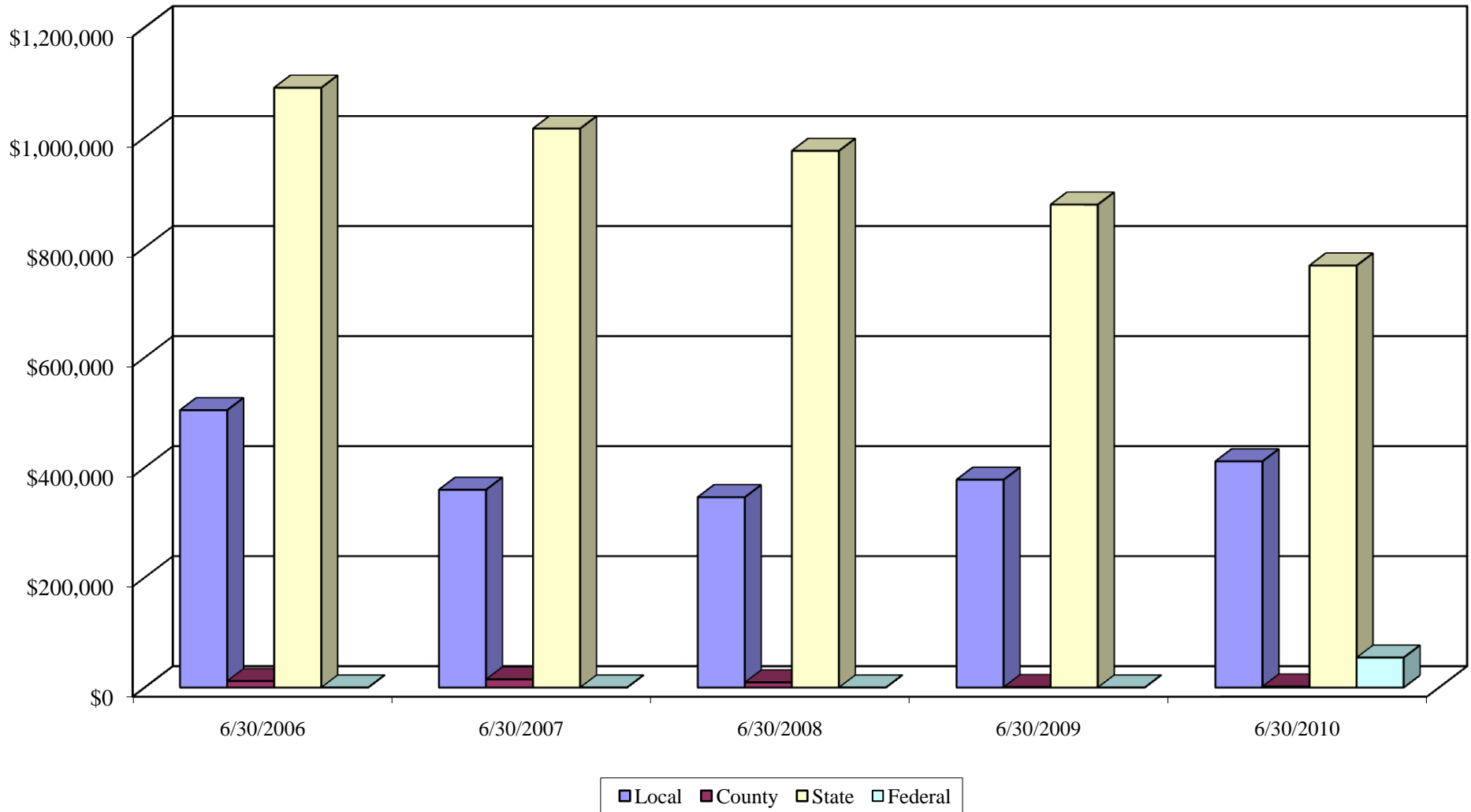
Unified School District No. 502
Lewis, Kansas
Unencumbered Cash Balances - Selected Funds



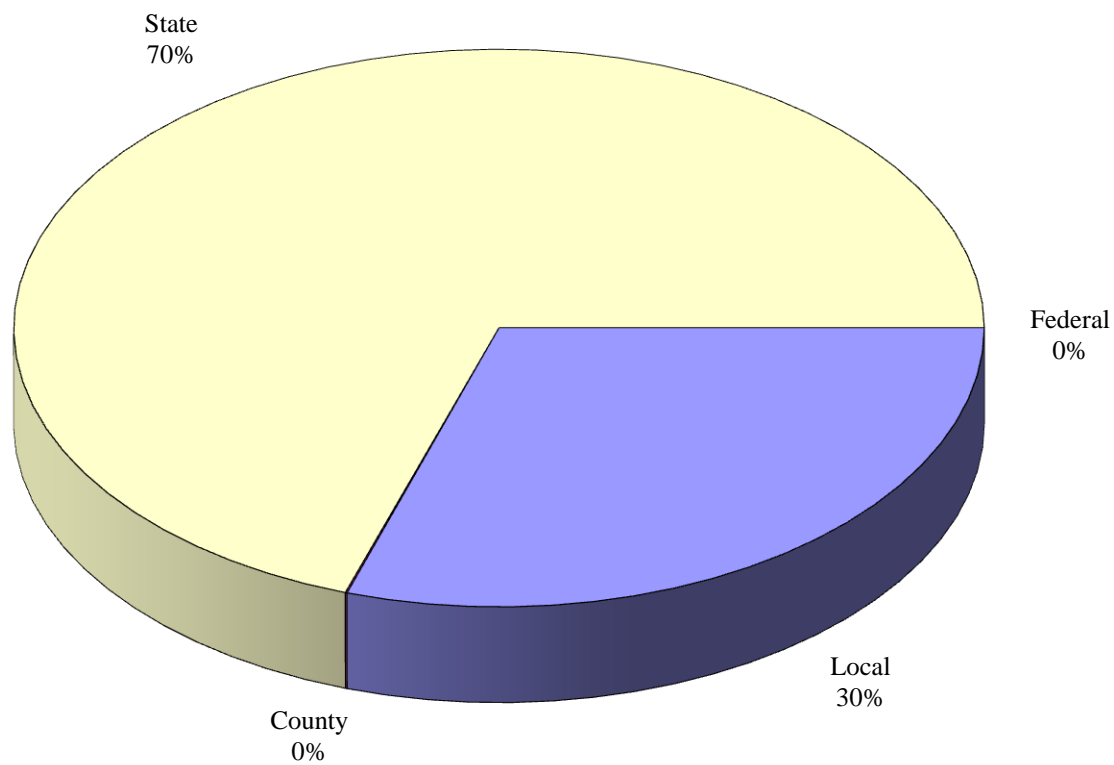
Unified School District No. 502
Lewis, Kansas
Unencumbered Cash Compared to Expenditures - Selected Funds



Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund Revenues

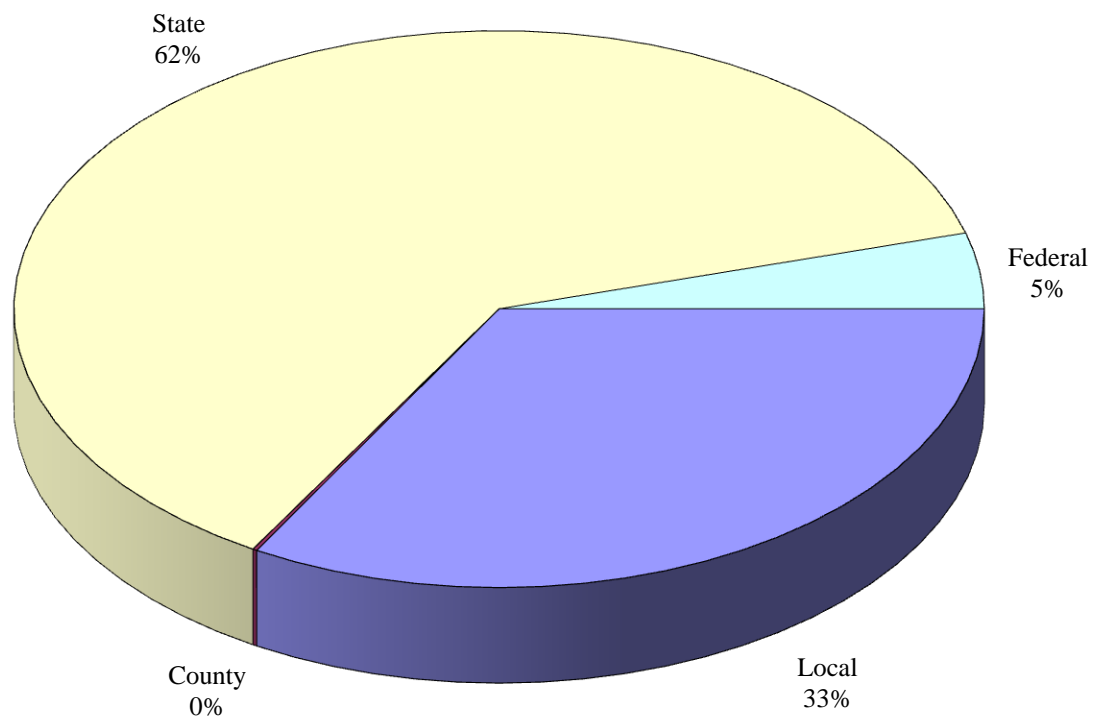


Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund Revenues



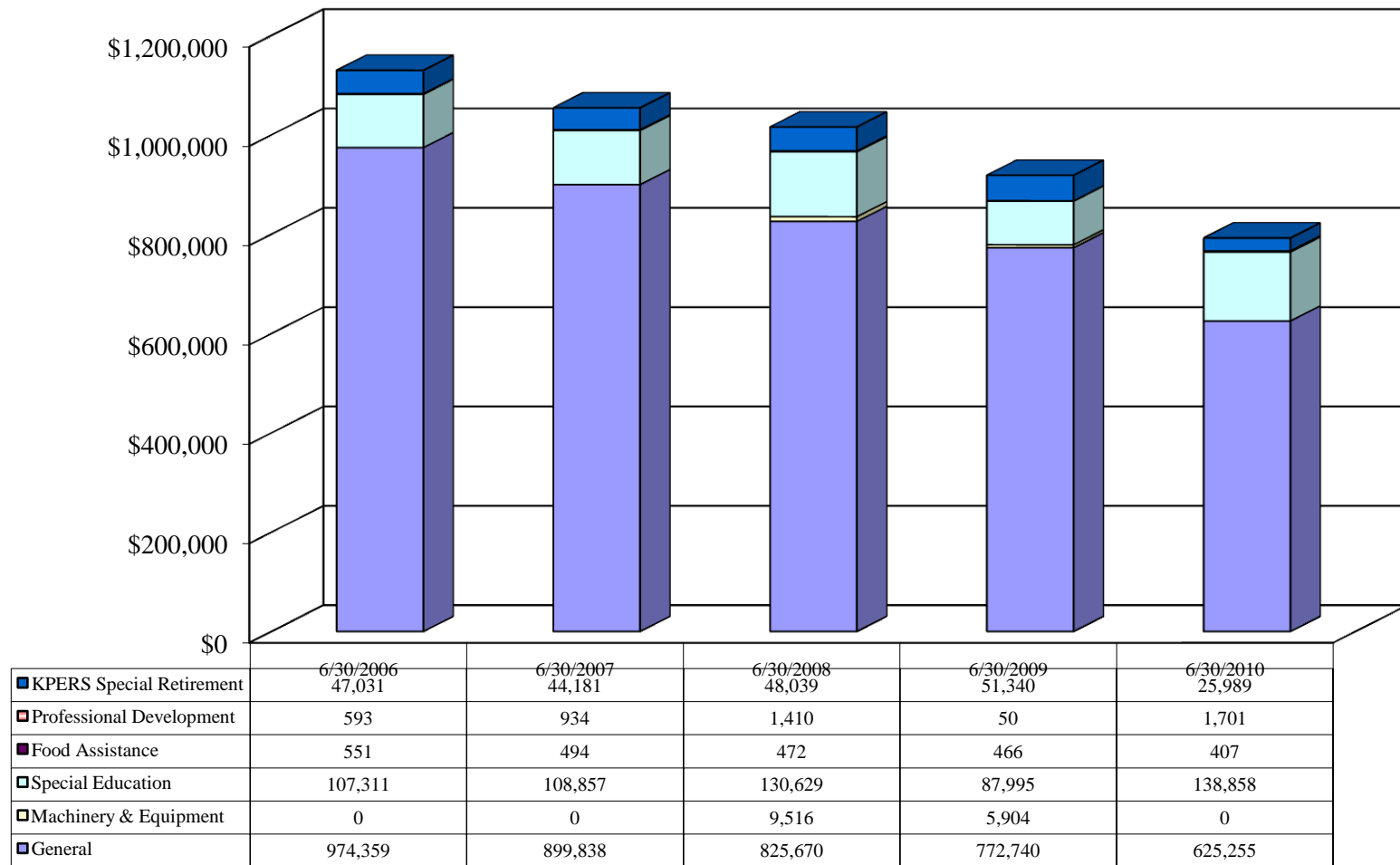
6/30/2009

**Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund Revenues**

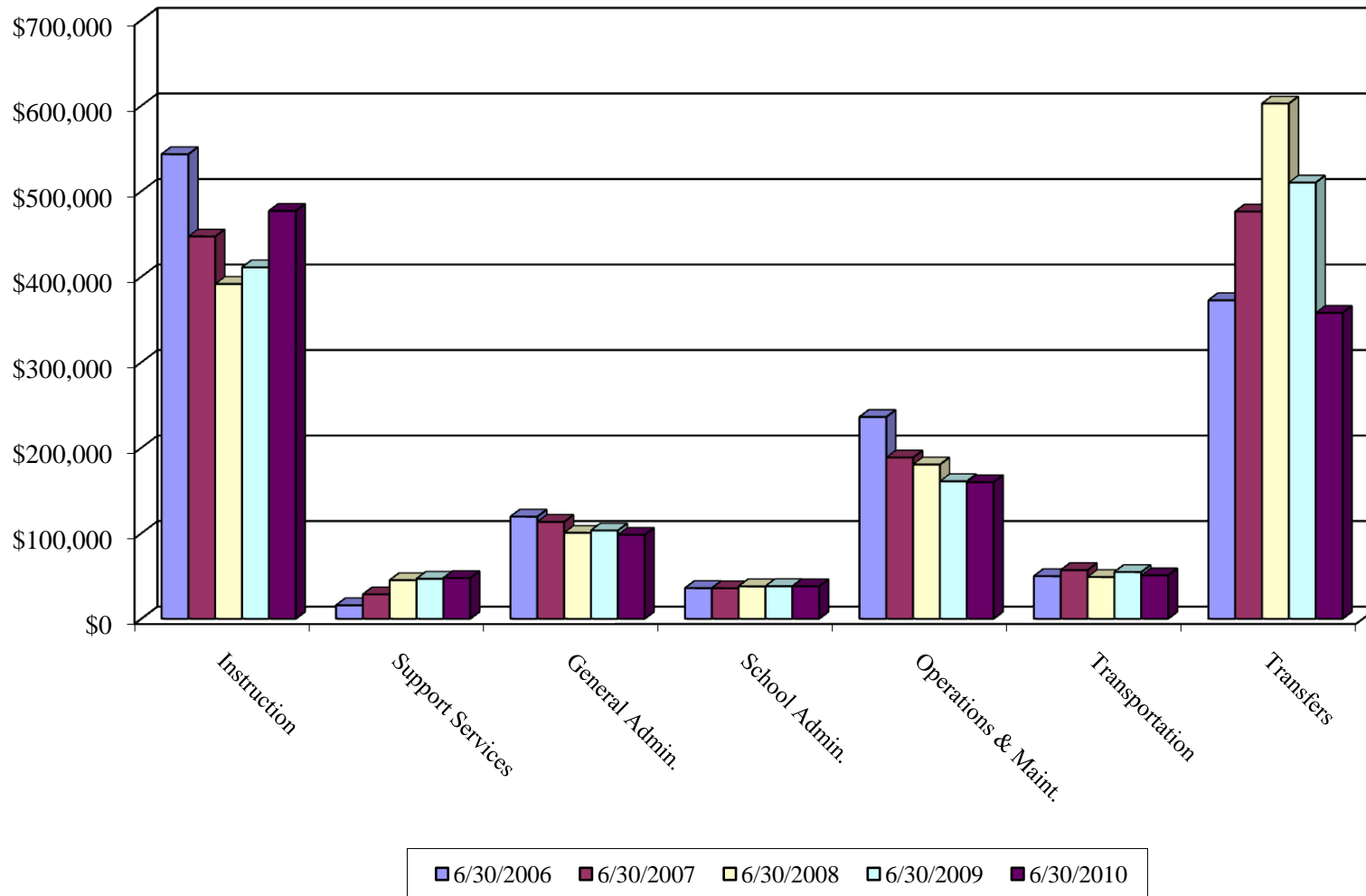


6/30/2010

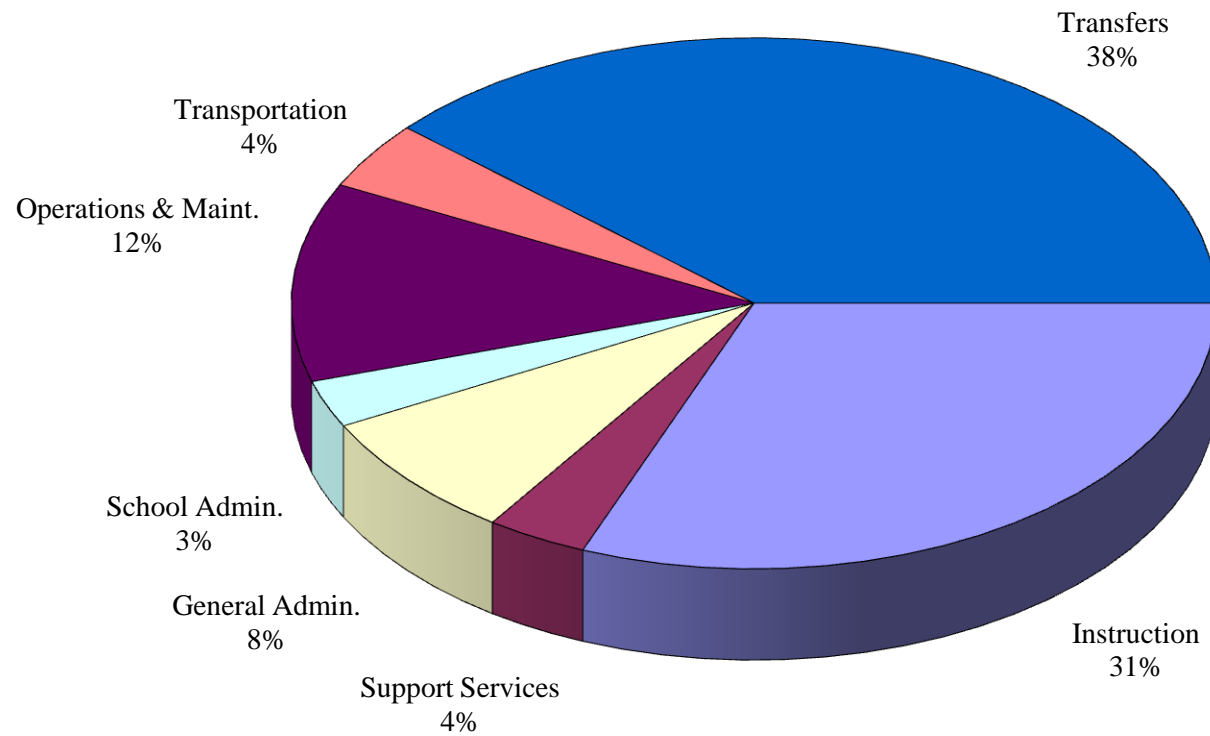
**Unified School District No. 502
Lewis, Kansas
State Aid**



**Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund Expenditures**

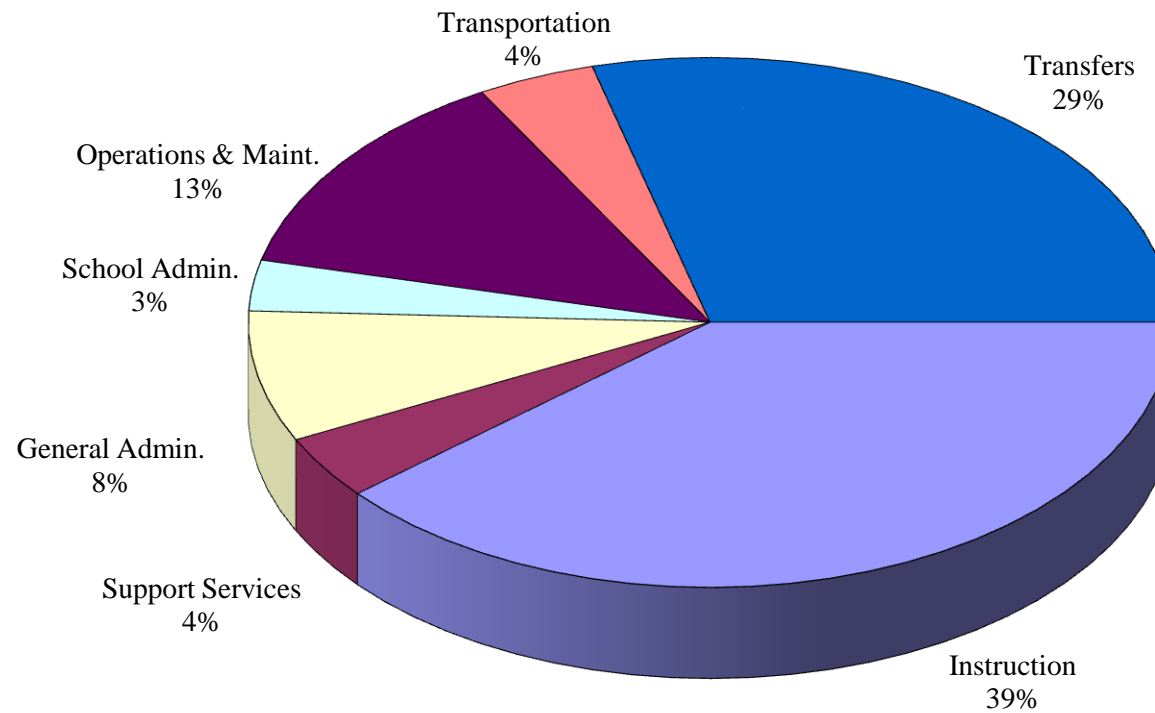


**Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund Expenditures**



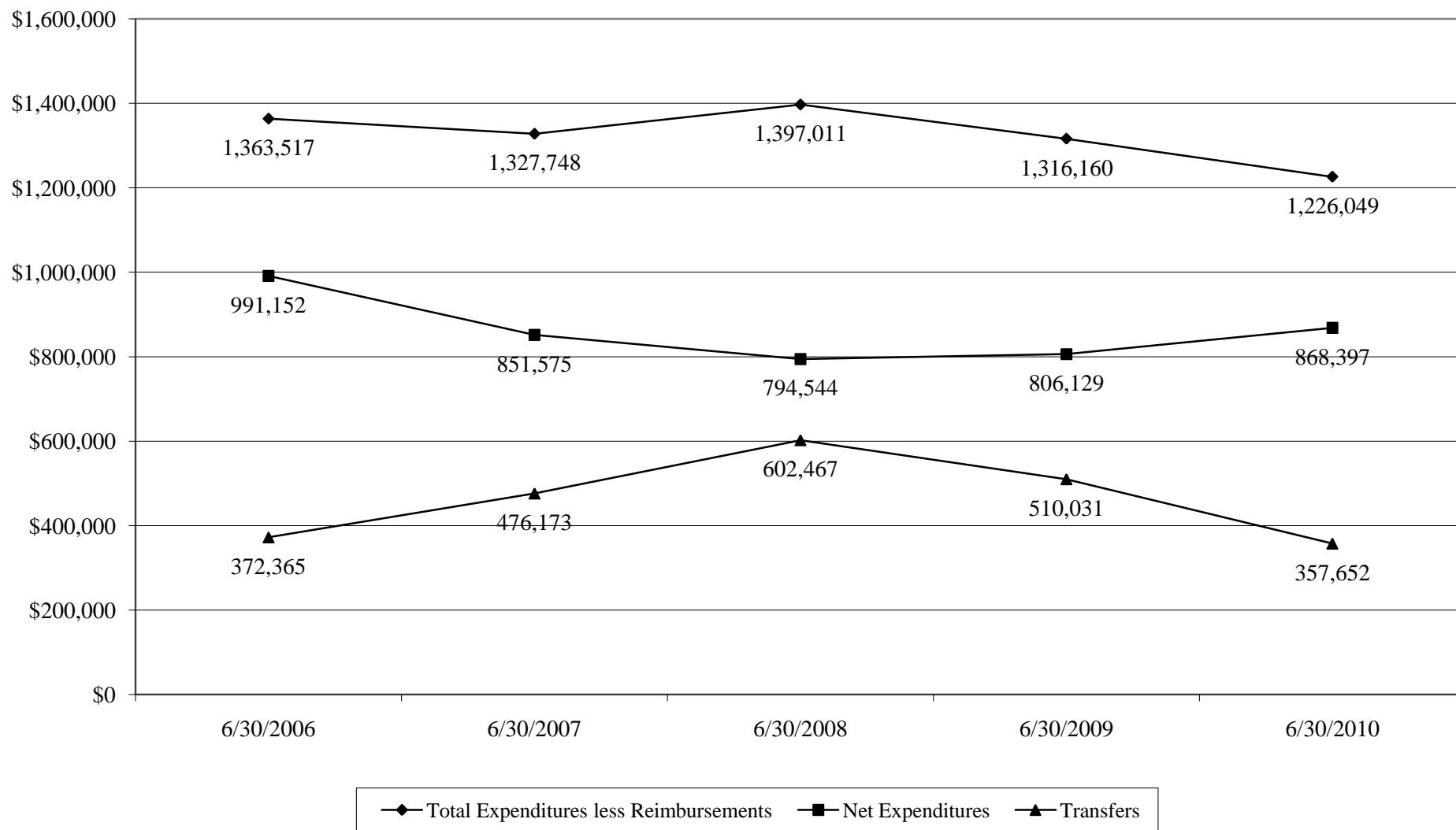
6/30/2009

**Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund Expenditures**

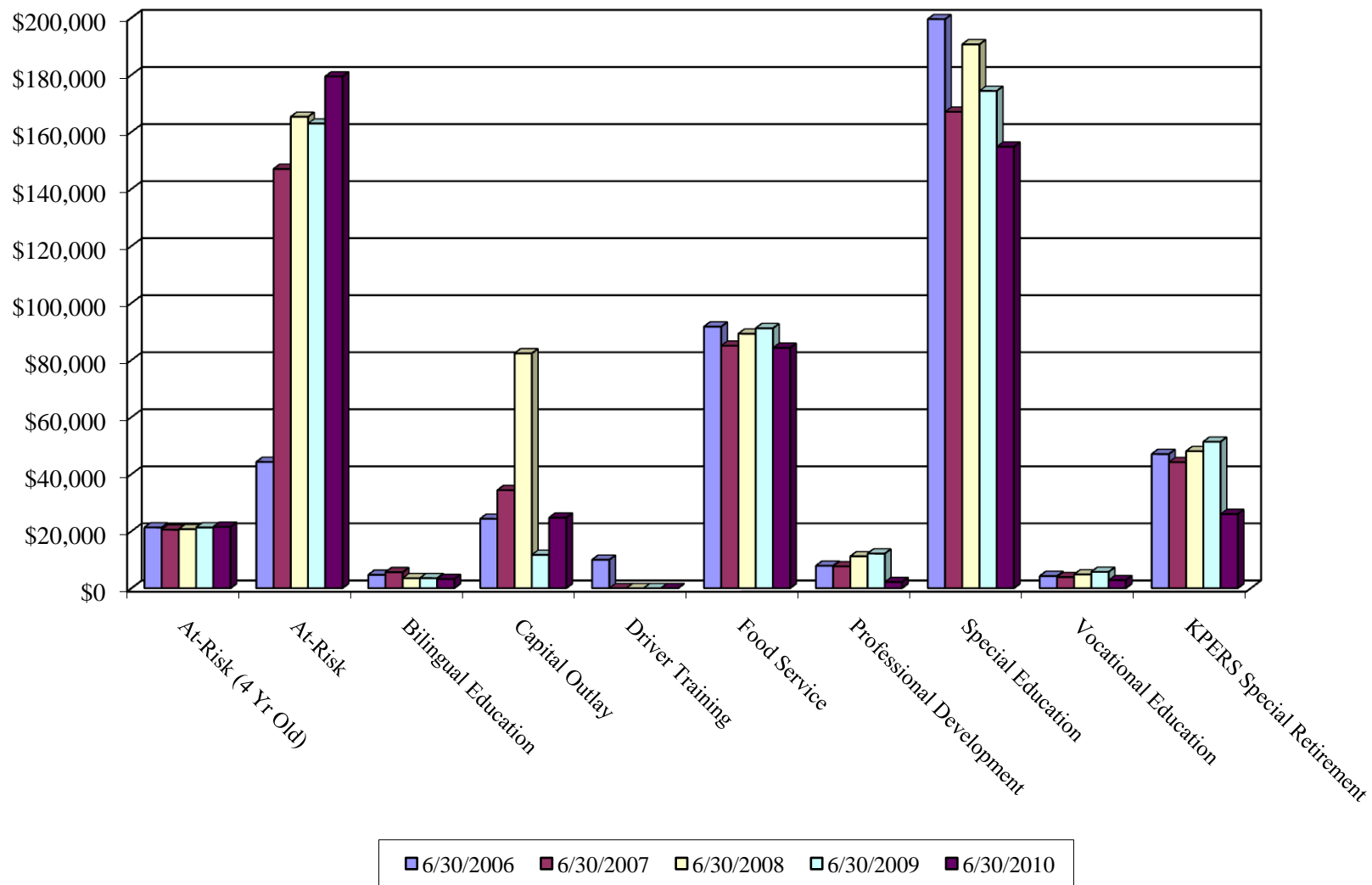


6/30/2010

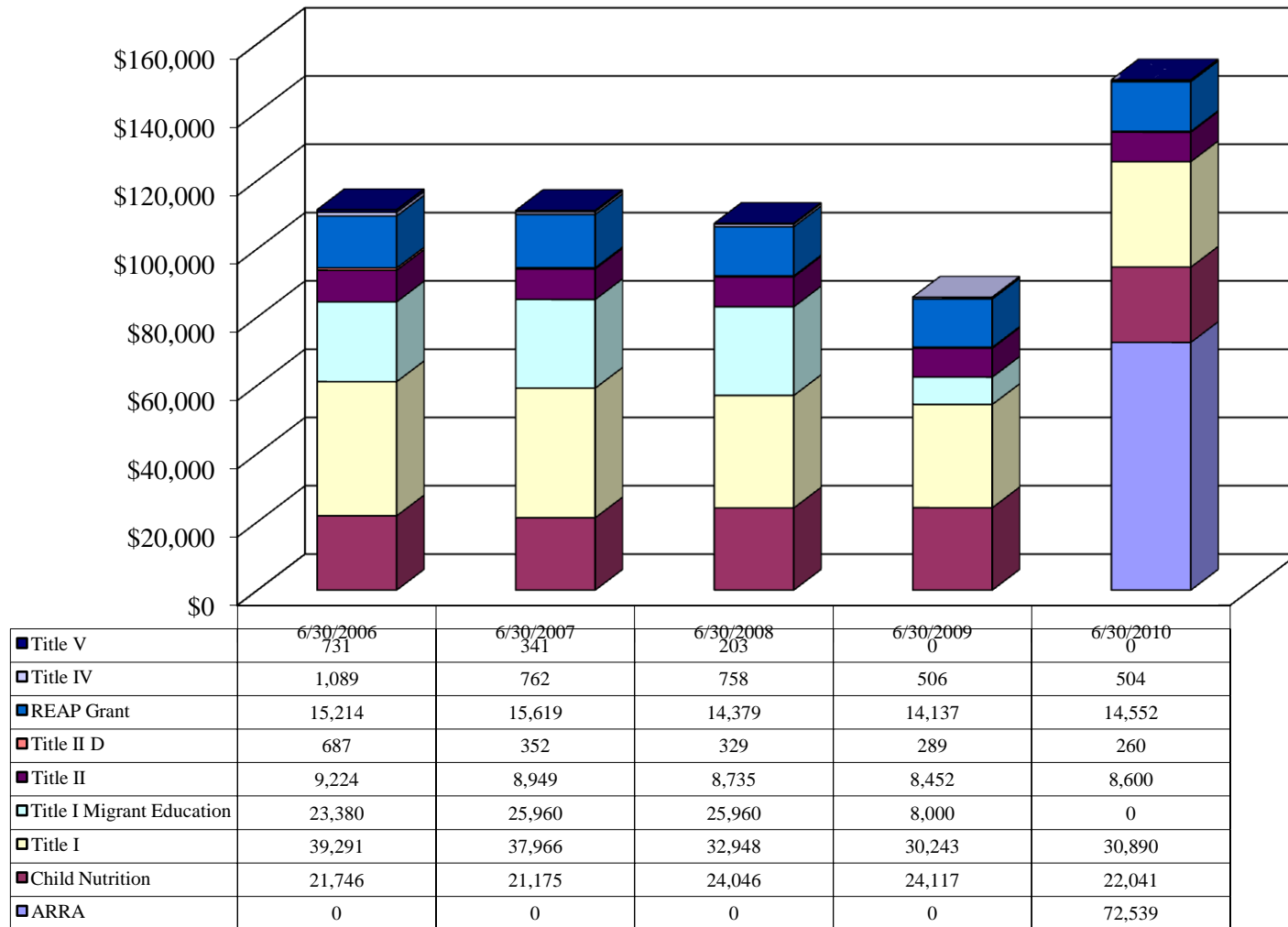
Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund Expenditures



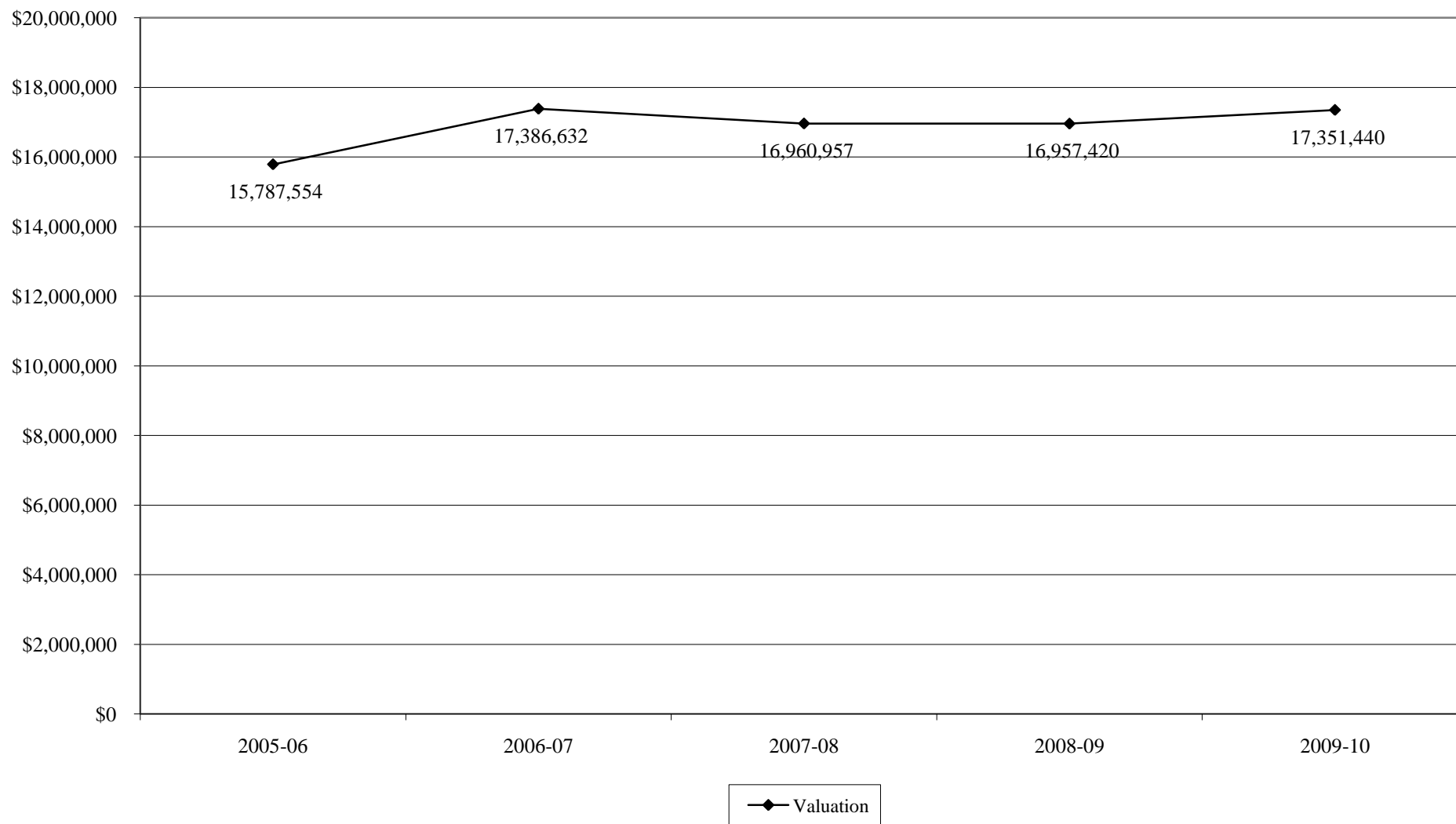
**Unified School District No. 502
Lewis, Kansas
Special Revenue Fund Expenditures - Selected Funds**



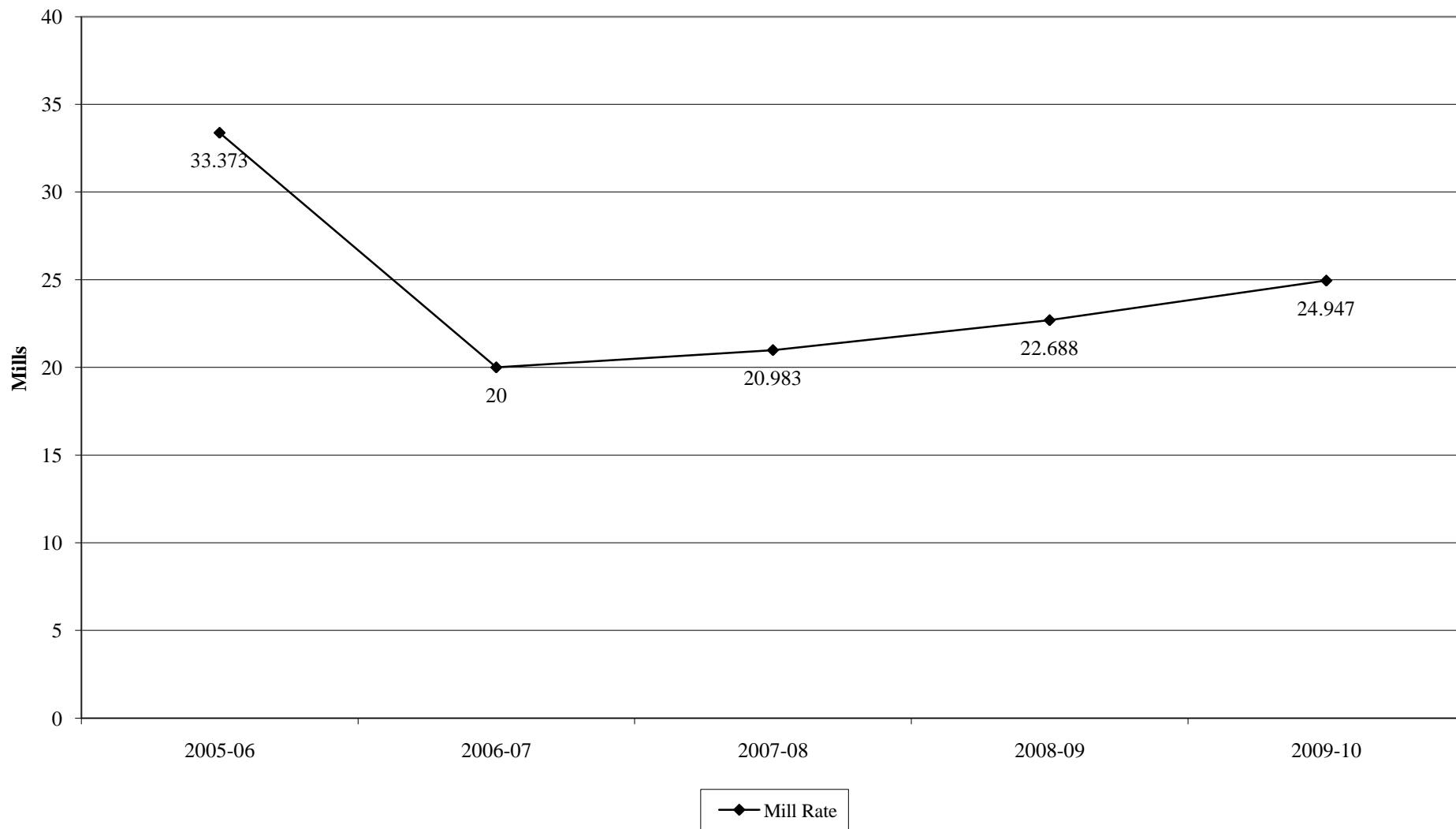
**Unified School District No. 502
Lewis, Kansas
Federal Aid**



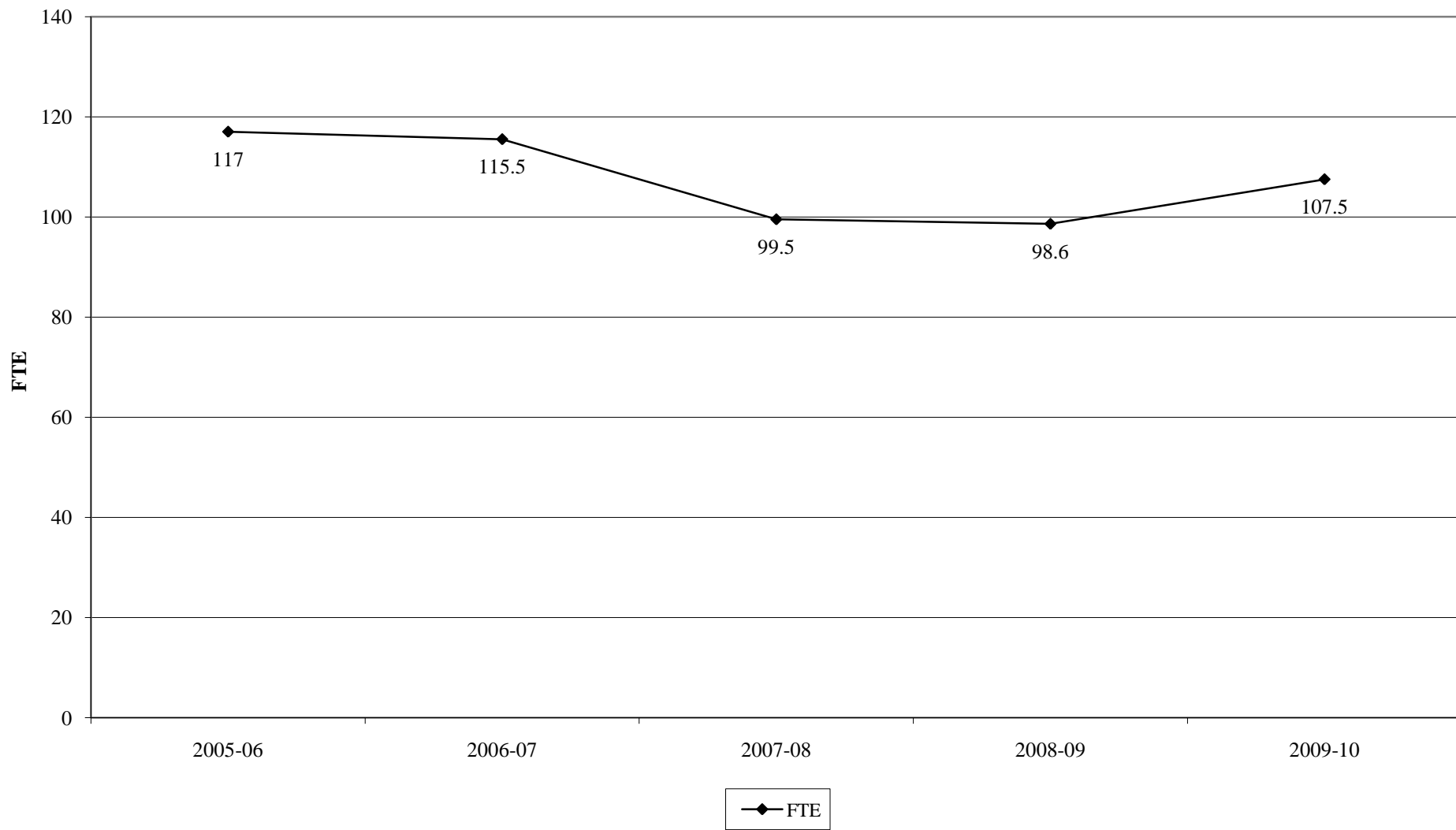
Unified School District No. 502
Lewis, Kansas
Valuation



Unified School District No. 502
Lewis, Kansas
Mill Rate



Unified School District No. 502
Lewis, Kansas
FTE



Unified School District No. 502
Lewis, Kansas
General & Supplemental General Fund
Expenditures per Pupil

